
BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2013-12-2

Adopting rules related to the administration of the Indiana Public Retirement System as described herein.

WHEREAS, the Board of Trustees of the Indiana Public Retirement System, by statute, administers the public pension or retirement funds listed in [IC 5-10.5-2-2](#) (collectively, "Funds");

WHEREAS, the Indiana Public Retirement System exists to manage and administer each of the Funds for the benefit of their members, survivors, and beneficiaries;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.5-4-2](#), may establish and amend rules and regulations for the administration of the Funds without adopting a rule under [IC 4-22-2](#); and

WHEREAS, the Board of Trustees of the Indiana Public Retirement System wishes to adopt, amend, and/or repeal certain rules contained or to be contained in the Indiana Administrative Code related to the administration of the Funds as described herein;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Indiana Public Retirement System that:

SECTION 1. [35 IAC 1.2-3-15](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-3-15](#) Purchase of service for the judges' retirement system

Authority: [IC 5-10.5-4-2](#); [IC 33-38-8](#)

Affected: [IC 33-38-7](#)

Sec. 15. (a) Eligible members of the judges' retirement system may purchase service pursuant to [IC 33-38-7-18](#), [IC 33-38-7-19](#), [IC 33-38-8-22](#), [IC 33-38-8-22.5](#), and [IC 33-38-8-23](#).

(b) The cost to purchase such service is determined at the time the member makes the contributions for such service. The fund shall provide the eligible fund member with information with respect to the cost of such service.

(c) The eligible fund member may purchase such service subject to the following:

- (1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through installment payments.**
- (2) Payments are subject to the terms and conditions of a finance agreement.**
- (3) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.**
- (4) Any direct rollover may not exceed the actual cost of such service as established by the fund.**
- (5) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment may bear interest at the actuarial assumed interest rate effective on the date of the first installment.**
- (6) Any payments are subject to applicable Internal Revenue Service limits, and INPRS may deny an application or may limit any payments if the purchase would exceed those limitations.**
- (7) In the event of a payment default under the terms of the finance agreement or the purchase is not completed, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the cost of the service. Partial service will be credited in monthly increments. The minimum amount of partial service credit will be one (1) month. The fund member is not eligible to make service purchase payments after the date of the payment default or the date of separation of employment.**
- (8) In the event any annual payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.**
- (9) If the member does not choose periodic payments, a lump sum payment must be received within ninety (90) days of the member receiving the cost letter. In the event the lump sum payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.**

(10) If a lump sum payment is chosen, full payment must be received within ninety (90) days of the member receiving the cost letter or the purchase defaults and no further payments may be made.
(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-3-15](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

SECTION 2. [35 IAC 1.2-3-16](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.2-3-16](#) Prosecuting attorneys retirement fund reemployment after withdrawal of contributions

Authority: [IC 5-10.5-4-2](#); [IC 33-39-7](#)

Affected: [IC 33-39-7-13](#)

Sec. 16. (a) A participant of the prosecuting attorneys retirement fund who withdraws from the fund and becomes a participant again at a later date is entitled to service credit for years of service before the withdrawal if the participant pays into the fund the full amount received by the participant when the participant withdrew from the fund, plus interest. The interest is at a rate determined by the board and is calculated from the date of the withdrawal.

(b) The cost to purchase such service is determined at the time the member makes the contributions for such service. The fund shall provide the eligible fund member with information with respect to the cost of such service.

(c) The eligible participant may purchase such service subject to the following:

- (1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through installment payments.
- (2) Payments are subject to the terms and conditions of a finance agreement.
- (3) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.
- (4) Any direct rollover may not exceed the actual cost of such service as established by the fund.
- (5) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment may bear interest at the actuarial assumed interest rate effective on the date of the first installment.
- (6) Any payments are subject to applicable Internal Revenue Service limits, and INPRS may deny an application or may limit any payments if the purchase would exceed those limitations.
- (7) In the event of a payment default under the terms of the finance agreement or the purchase is not completed, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the cost of the service. Partial service will be credited in monthly increments. The minimum amount of partial service credit will be one (1) month. The fund member is not eligible to make service purchase payments after the date of the payment default or the date of separation of employment.
- (8) In the event any annual payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.
- (9) If the member does not choose periodic payments, a lump sum payment must be received within ninety (90) days of the member receiving the cost letter. In the event the lump sum payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.
- (10) If a lump sum payment is chosen, full payment must be received within ninety (90) days of the member receiving the cost letter or the purchase defaults and no further payments may be made.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-3-16](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

SECTION 3. [35 IAC 1.2-5-25](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-5-25](#) Purchase of canceled service credit in the judges' retirement system

Authority: [IC 5-10.5-4-2](#); [IC 33-38-8](#)

Affected: [IC 33-38-8](#)

Sec. 25. (a) A member who had previous creditable service in the judges' retirement system (JRS) and who had cancelled such creditable service by terminating their membership in the JRS and who withdrew their contributions to their JRS account may restore such creditable service by:

- (1) returning to covered service in the JRS for at least one (1) year; and
- (2) while actively serving in the JRS, purchase all or part of the previous service credit in one (1) year month increments at a rate, determined by the actuary for INPRS, that is based on the actuarial factors at the time the member makes a contribution for the service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(b) The following apply to the purchase of service credit under this rule:

(1) The member may make periodic payments of the contributions required for the purchase of service credit ~~INPRS shall determine the length of the period during which the payments must be made. Such payments in~~ **annual installments for a period not to exceed five (5) years. Payments** will be subject to the terms and conditions of a service purchase agreement as described in the INPRS rules for PERF and TRF. **Any installment may bear interest at the actuarial assumed interest rate effective on the date of the first installment.**

(2) INPRS may deny an application **or may limit any payments** for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A member may not claim the service credit for the purpose of computing benefits unless the member has made all payments required for the purchase of the service credit.

(4) To the extent permitted by the Internal Revenue Code and applicable regulations, a member may purchase service credit under this section by a rollover distribution to the fund from any of the following:

(A) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(B) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(C) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(D) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(c) A member who terminates employment before satisfying the eligibility requirements necessary to receive a monthly benefit may withdraw the purchase amount, plus accumulated interest, after submitting a properly completed application for a refund to the fund. However, the member must also apply for a refund of the member's entire contribution account to be eligible for a refund of the member's service purchase payments.

(d) In the event any annual payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.

(e) If the member does not choose periodic payments, a lump sum payment must be received within ninety (90) days of the member receiving the cost letter. In the event the lump sum payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.

(f) In the event of payment default, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the actuarial cost of the service. The minimum amount of partial service credit will be one (1) month. Partial service will be credited in monthly increments. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-25](#); adopted Dec 14, 2012: [20121226-IR-035120663ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

SECTION 4. [35 IAC 1.2-6-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-6-1](#) Employer payments

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-2](#); [IC 5-10.3-7-12.5](#)

Sec. 1. (a) In accordance with and pursuant to [IC 5-10.3-7-12.5](#), a quarterly report and payment of employee contributions and employer contributions shall be due in the PERF office no later than the fifteenth day following the end of each calendar quarter. Specifically, January 15, April 15, July 15, and October 15 each year. If the fifteenth day following the end of the quarter falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day. It shall be the responsibility of the local official to employ such method of delivery to insure that the report and payment will reach the PERF office on or before the due date.

(b) ~~Notwithstanding subsection (a), as allowed in [IC 5-10.3-7-12.5](#), once PERF gives reasonable notice to covered employers and after installation of the ERM system, the Indiana public retirement system board of trustees herein sets the due date for contributions as seven (7) days after a covered employer's payroll unless otherwise approved by the board.~~

(e) **(b)** Upon written request of PERF, **INPRS**, covered employers shall submit their payroll date to PERF in a manner or form established by PERF **INPRS** within seven (7) days of receipt of such request.

(d) **(c)** Any payments not made on the due date may at PERF's **INPRS'** discretion accrue interest at a rate equal to the rate established in section 5.5(b) of this rule.

(e) **(d)** Any employer who fails to submit required contributions and reports within thirty (30) days of the due date will be subject to a penalty as set forth in [IC 5-10.3-7-12.5](#). If the thirtieth day following the due date falls on a Saturday, Sunday, or legal holiday, the due date becomes the next working day.

(f) **(e)** An employer who has elected to pick up the mandatory employee contributions of its employees must do so by resolution in accordance with [IC 5-10.2-3-2](#)(d). An employer who wants to rescind its election to pick up the mandatory employee contributions must do so in writing with approval of its governing body. The change will be effective the ~~quarter~~ **first payroll date** following the date PERF **INPRS** receives and approves the change. **For purposes of [IC 5-10.3-7-12.5](#)(c), habitually late is defined as failing to submit required contributions, records, or reports for over sixty (60) days after the due date.**

(f) An employer deemed habitually late will remain in the habitually late status until it submits reports and contributions for twelve (12) months within seven (7) days of the respective due date and after fulfilling all delinquent reporting and contribution requirements. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-6-1](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1085; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#)*)

SECTION 5. [35 IAC 2-1-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 2-1-2](#) Prior service credit; prerequisites

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-8-7](#); [IC 36-8-8-8](#)

Sec. 2. **(a)** Prior service credit shall be given to any member of the 1977 Police and Firefighters' Pension and Disability Fund (1977 Fund) providing the following conditions are met:

- (1) As used in this section, "prior service" means any services or duties performed as a member of the 1977 Fund after April 30, 1977.
- (2) The police officer or firefighter was a member of the 1977 Fund and had contributions withheld for membership.
- (3) The city, town, or township to which the police officer or firefighter is transferred or has been hired by is a member of the 1977 Fund.
- (4) The member repays, either in a lump sum or a series of payments determined by the 1977 Fund, the amount of contributions plus interest which was refunded to him. **The interest is at a rate determined by the board and is calculated from the date of the withdrawal. The fund shall provide the eligible fund member with information with respect to the cost of such service.**
- (5) ~~For the purpose of computing benefits, prior service shall be included only once.~~

(b) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through installment payments.

(c) Payments are subject to the terms and conditions of a finance agreement.

(d) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.

(e) Any direct rollover may not exceed the actual cost of such service as established by the fund.

(f) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment may bear interest at the actuarial assumed interest rate effective on the date of the first installment.

(g) Any payments are subject to applicable Internal Revenue Service limits, and INPRS may deny an application or may limit any payments if the purchase would exceed those limitations.

(h) In the event of a payment default under the terms of the finance agreement or the purchase is not completed, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the cost of the service. Partial service will be credited in monthly increments. The minimum amount of partial service credit will be one (1) month. The fund member is not eligible to make service purchase payments after the date of the payment default or the date of separation of employment.

(i) In the event any annual payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.

(j) If the member does not choose periodic payments, a lump sum payment must be received within ninety (90) days of the member receiving the cost letter. In the event the lump sum payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default. *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-1-2](#); filed May 9, 1979; 11:31 a.m.: 2 IR 681; filed Sep 8, 1982, 2:05 p.m.: 5 IR 2110; filed May 7, 1998, 4:15 p.m.: 21 IR 3327; readopted filed Oct 31, 2001, 2:21 p.m.: 25 IR 898; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))*

SECTION 6. [35 IAC 2-1-5](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 2-1-5](#) 1977 Fund service purchases

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-8-8.3](#)

Sec. 5. (a) Under various provisions under [IC 36-8-8](#), eligible members of the 1977 Fund may purchase service.

(b) The cost to purchase such service shall be the total actuarial cost of the service. The fund shall provide the eligible fund member with information with respect to the cost of such service.

(c) An eligible fund member may purchase such service subject to the following:

(1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through a finance agreement. **installment payments.**

(2) ~~Installment~~ Payments are made under the terms **and conditions** of the finance agreement.

(3) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.

(4) Any direct rollover may not exceed the actual cost of such service as established by the fund.

(5) Payment may be made in a lump sum ~~quarterly~~ or annual installments for a period not to exceed five (5) years. Any installment may bear interest at the **actuarial assumed** interest rate ~~(defined within this section)~~ effective on the date of the first installment. Any payments are subject to applicable Internal Revenue Service limits, and the fund may **deny an application or may** limit any payments in a manner necessary to comply with these limits.

(d) In the event of a payment default under the terms of the finance agreement, a partial service credit amount will be determined by the 1977 Fund. The partial service credit amount will be based on the payments made as of the date of payment default and the actuarial cost of the service. The minimum amount of partial service credit will be one (1) month. Partial service will be credited in monthly increments. The fund member is not eligible to make service purchase payments after the date of the payment default.

(e) ~~A partial service credit~~ **Any interest rate used** will be determined by **INPRS**.

~~(f) In the 1977 Fund if event any annual payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase is not completed. The minimum amount of partial service credit will be one (1) month. Service payments after the date of the payment default.~~

~~(g) If the member does not choose periodic payments, a lump sum payment must be received within ninety (90) days of the member receiving the cost letter. In the event the lump sum payment is not timely made, allowing for a thirty (30) day grace period, the payment will be credited deemed in monthly increments based on default under the total payments and the actuarial cost terms of the service. Payments for a finance agreement. The fund member is not eligible to make service purchase may not be made after the date of a payment default or payments after the date of separation of employment: the payment default.~~

~~(f) Any interest rate used will be set as determined by PERF. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-1-5](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Nov 19, 2010: [20101208-IR-035100722ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))~~

SECTION 7. [35 IAC 2-5-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 2-5-4](#) Applicable disability structure; member transfers

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-4-11](#); [IC 36-8-8-7](#)

Sec. 4. (a) For purposes of determining which disability benefit provisions apply, the 1977 Fund shall interpret the phrase "hired for the first time" by using the member's first date of employment by the local unit where the member is currently employed. However, in the case of a fund member who directly transfers from covered employment with one (1) local unit to covered employment with another local unit, the fund member's date of employment with the first local unit shall be used.

~~(b) Members who directly transfer from one (1) covered employment position to another covered employment position must be reexamined under the baseline medical examination.~~

~~(c) Members who directly transfer from covered employment with one (1) local unit to covered employment with another local unit shall not be subjected to any additional preexisting conditions or excludable conditions that may be detected at the time of such transfer.~~

~~(d)~~ (b) Members who directly transfer from covered employment with one (1) local unit to covered employment with another local unit shall not be subjected to the maximum age limits under [IC 36-8-8-7](#)(a).

(e) (c) For purposes of this section, "directly transfer" and "directly transfers" means the following:

(1) For those members laid off from employment pursuant to [IC 36-8-4-11](#), a transfer between covered employment with one (1) local unit to covered employment with a different local unit occurs within the reinstatement period set forth in [IC 36-8-4-11](#).

(2) For all other members, a transfer between covered employment with one (1) local unit to covered employment with a different local unit occurs ~~within thirty (30)~~ **not later than one hundred eighty (180) days after the date of the separation from the first local unit.** Furthermore, "directly transfer" and "directly transfers" shall not include any situation where the member ~~files an application for~~ **receives** a refund of his or her contributions from the fund **unless the contributions are repaid pursuant to [35 IAC 2-1-2](#).**

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-5-4](#); filed May 7, 1998, 4:15 p.m.: 21 IR 3329; readopted filed Oct 31, 2001, 2:21 p.m.: 25 IR 898; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 20, 2009: [20091209-IR-035090927ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

SECTION 8. [35 IAC 2-5-5.1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 2-5-5.1](#) Standard to determine degree of impairment for a covered impairment

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-8-13.1](#); [IC 36-8-8-13.7](#)

Sec. 5.1. To determine the degree of impairment, for a member who has been found to have a covered impairment, the impairment standards contained in the most current edition of the American Medical Association: Guidelines of Disability Ratings in effect at the time the application for disability benefits is filed with the PERF

board shall be used to determine the degree of impairment. **Notwithstanding that INPRS reviews disability at the time of application, the degree of impairment may be reviewed pursuant to [IC 36-8-8-13.7](#).** Furthermore, the INPRS medical authority may determine a provisional degree of impairment until an applicant has reached Maximum Medical Improvement, as described in the American Medical Association: Guidelines of Disability Ratings. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-5-5.1](#); adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#)*)

SECTION 9. [35 IAC 2-6-1](#) IS AMENDED TO READ AS FOLLOWS:

Rule 6. Employer Contributions

[35 IAC 2-6-1](#) Payment of employer contributions

Authority: [IC 5-10.5-4-2](#); [IC 36-8-8-5](#)

Affected: [IC 36-8-8-4](#); [IC 36-8-8-6](#)

Sec. 1. Quarterly Reports. A quarterly report containing payments of employer and employee contributions, shall be due in the office of the 1977 Fund no later than the fifteenth (15th) day following the end of each calendar quarter, i.e., January 15, April 15, July 15, and October 15 each year.

(a) The Indiana public retirement system board of trustees herein sets the due date for contributions as seven (7) days after a covered employer's payroll unless otherwise approved by the board.

(b) Any employer who fails to make such payments by the due date may be assessed a penalty. The board may fine the employer or department one hundred dollars (\$100) for each additional day that the payments are late. The penalty will be determined by the board of trustees.

(c) For purposes of [IC 36-8-8-6\(c\)](#), the system board will request that the amount payable be withheld by the auditor of state from money payable to the employer and transferred to the fund if the employer fails to submit required contributions, records, or reports for over sixty (60) days after the due date. The system board may also recover in the circuit or superior court of the county in which the employer is located, in an action by the state on the relation of the system board, prosecuted by the attorney general, if the employer fails to submit required contributions, records, or reports for over sixty (60) days after the due date. (*Board of Trustees of the Indiana Public Retirement System; [35 IAC 2-6-1](#); filed Aug 6, 1980, 9:20 a.m.: 3 IR 1473; readopted filed Oct 31, 2001, 2:21 p.m.: 25 IR 898; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#)*)

SECTION 10. [35 IAC 4-2-4](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 4-2-4](#) Service purchase and buybacks

Authority: [IC 5-10.5-5-3](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.5-5-7.5](#); [IC 5-10.3-7-5](#)

Sec. 4. (a) Eligible members of the fund may purchase service under [IC 5-10.3-7-5](#), [IC 5-10.5-5-7.5](#), as well as prior service forfeited due to a withdrawal.

(b) The cost to purchase such service is determined at the time the member makes the contributions for such service. The fund shall provide the eligible fund member with information with respect to the cost of such service.

(c) The eligible fund member may purchase such service subject to the following:

- (1) Service may be purchased in one (1) month increments. The minimum service purchase is one (1) year for a member who elects to purchase service through installment payments.**
- (2) Payments are subject to the terms and conditions of a finance agreement.**
- (3) Any such purchase may be made via a direct cash payment, a direct rollover as allowed by statute, or a combination of both.**
- (4) Any direct rollover may not exceed the actual cost of such service as established by the fund.**
- (5) Payment may be made in a lump sum or in annual installments for a period not to exceed five (5) years. Any installment may bear interest at the actuarial assumed interest rate effective on the date of the first installment.**
- (6) Any payments are subject to applicable Internal Revenue Service limits, and INPRS may deny an**

application or may limit any payments if the purchase would exceed those limitations.

(7) In the event of a payment default under the terms of the finance agreement or the purchase is not completed, a partial service credit amount will be determined by INPRS. The partial service credit amount will be based on the payments made as of the date of payment default and the cost of the service. Partial service will be credited in monthly increments. The minimum amount of partial service credit will be one (1) month. The fund member is not eligible to make service purchase payments after the date of the payment default or the date of separation of employment.

(8) In the event any annual payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.

(9) If the member does not choose periodic payments, a lump sum payment must be received within ninety (90) days of the member receiving the cost letter. In the event the lump sum payment is not timely made, allowing for a thirty (30) day grace period, the payment will be deemed in default under the terms of the finance agreement. The fund member is not eligible to make service purchase payments after the date of the payment default.

(10) If a lump sum payment is chosen, full payment must be received within ninety (90) days of the member receiving the cost letter or the purchase defaults and no further payments may be made.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 4-2-4](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

SECTION 11. [35 IAC 4-3-1](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 4-3-1](#) Retirement benefits

Authority: [IC 5-10-5.5-3](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10-5.5-15](#); [IC 5-10-5.5-16](#)

Sec. 1. Retirement Benefits. If a fund member dies while receiving retirement benefits, the following apply:

(1) A surviving mother or father nominated by the retired participant to receive survivors' benefits shall be entitled to an annual survivors' allowance for life equal to fifty percent (50%) of the participant's monthly benefit.

(2) A surviving spouse nominated by the retired participant to receive survivors' benefits shall be entitled to an annual survivors' allowance for life equal to fifty percent (50%) of the retired participant's monthly benefit. In the case of a surviving spouse who is more than five (5) years younger than the deceased participant at the time of the participant's death, the amount of the annual survivors' allowance shall be reduced actuarially, without regard to the sex of the spouse or the participant.

(3) A surviving child eligible and nominated by the retired participant to receive survivors' benefits shall be entitled to an annual survivors' allowance equal to fifty percent (50%) of the retired participant's monthly benefit. If more than one (1) surviving child is eligible and nominated to receive survivors' benefits, the annual allowance shall be divided equally between or among such children. In all cases, the survivors' allowance to a child shall cease when the child attains the age of eighteen (18) years or marries, whichever occurs first. Where a survivors' allowance is divided between or among more than one (1) child, and payments to one (1) or more children cease, the total annual allowance payable shall be divided evenly among or between the remaining children who are eligible therefore. If there are two (2) or more surviving dependent children, the actuarial equivalent of the benefit described in this subsection shall be calculated and, considering the dependent children's attained ages, an equal dollar amount shall be determined as the monthly survivor benefit to be paid to each dependent child. Monthly survivor benefits under this subsection *[subdivision]* are payable until the date the dependent child becomes eighteen (18) years of age or dies, whichever is earlier.

(4) In the event that no nomination is made by an eligible participant, or in the event that the nominated survivor predeceases the participant and no contingent survivor is nominated and an eligible participant dies, no survivors' allowance shall be payable.

(Board of Trustees of the Indiana Public Retirement System; [35 IAC 4-3-1](#); filed May 9, 1979, 11:31 a.m.: 2 IR 681; readopted filed Oct 31, 2001, 2:21 p.m.: 25 IR 898; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

SECTION 12. [35 IAC 4-4-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 4-4-3](#) Actuarial assumptions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10-5.5-16](#)

Sec. 3. In the case of a surviving spouse who is more than five (5) years younger than the deceased

participant at the time of the participant's death, the amount of the annual survivor allowance shall be reduced by a factor equal to 0.03% (0.0003), multiplied by the number of months in excess of sixty (60) months, that the surviving spouse is younger than the deceased participant at the time of the participant's death. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 4-4-3; adopted Apr 26, 2013: 20130508-IR-035130167ONA; adopted Dec 13, 2013: 20131225-IR-035130565ONA*)

SECTION 13. [35 IAC 14-5-11](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 14-5-11](#) Substitute teaching service credit

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.4-4-6](#)

Sec. 11. (a) Substitute teachers admitted to the fund are entitled to service credit when required contributions have been paid.

(b) Substitute teachers enrolled in the fund, who have earned at least one (1) year of service credit, are entitled to service credit for subsequent substitute teaching service, pursuant to [35 IAC 14-4-1](#), so long as required contributions are made.

(c) If a TRF member earned their first year of service as a substitute teacher, the member may purchase that year of service pursuant to [IC 5-10.4-4-6](#). However, a member is not required to purchase this service in order to claim service under section (b) of this rule [subsection (b)]. (*Board of Trustees of the Indiana Public Retirement System; 35 IAC 14-5-11; adopted Dec 13, 2013: 20131225-IR-035130565ONA*)

SECTION 14. [35 IAC 14-7-10](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-7-10](#) Employer payments

Authority: [IC 5-10.2-2-1](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-2](#); [IC 5-10.2-4-2](#); [IC 5-10.4-7-8](#)

~~Sec. 10. (a) In accordance with and pursuant to [IC 5-10.4-7](#), not later than January 15, April 15, July 15, and October 15 of each year, the treasurer of a school corporation, the township trustee, or the appropriate officer of any other institution covered by TRF shall make payments to TRF and make a report to TRF in a form and manner as described by TRF. Amendatory reports to correct errors or omissions may be required and made.~~

~~(b) Notwithstanding subsection (a), as allowed in [IC 5-10.4-7-6](#), once TRF gives reasonable notice to covered employers and after installation of the ERM system, the Indiana public retirement system board of trustees herein sets the due date for contributions is as seven (7) days after a covered employer's payroll unless otherwise approved by the board.~~

~~(c) (b) Upon written request of TRF, INPRS, covered employers shall submit their payroll date to PERF INPRS in a manner or form established by TRF INPRS within seven (7) days of receipt of such request.~~

~~(d) (c) Any payments not made on the due date may at TRF's INPRS' discretion accrue interest at a rate equal to the rate established in section 11 of this rule.~~

~~(e) (d) Any employer who fails to submit required contributions and reports within thirty (30) days of the due date will be subject to a penalty as set forth in [IC 5-10.4-7-8](#). If the thirtieth day following the due date falls on a Saturday, Sunday, or a legal holiday, the due date becomes the next working day. It shall be the responsibility of the local official to employ such method of delivery to insure that the report and payment will reach TRF on or before the due date.~~

~~(f) (e) An employer who has elected to pick up the mandatory employee contributions of its employees must do so by resolution in accordance with [IC 5-10.2-3-2](#)(d). An employer who wants to rescind its election to pick up the mandatory employee contributions must do so in writing with approval of its governing body. The change will be effective the quarter first payroll date following the date TRF INPRS receives and approves the change. For purposes of [IC 5-10.4-7-8](#)(3), habitually late is defined as failing to submit required contributions, records, or reports for over sixty (60) days after the due date.~~

(f) An employer deemed habitually late will remain in the habitually late status until it submits reports and contributions for twelve (12) months within seven (7) days of the respective due date and after

fulfilling all delinquent reporting and contribution requirements. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-7-10](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); errata filed Jan 19, 2010, 12:48 p.m.: [20100203-IR-550100043ACA](#); errata filed Feb 17, 2010, 12:09 p.m.: [20100310-IR-550100109ACA](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Sep 16, 2011: [20110928-IR-035110563ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-7-8](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-7-10](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 15. [35 IAC 21](#) IS ADDED TO READ AS FOLLOWS:

ARTICLE 21. PUBLIC EMPLOYEES' RETIREMENT FUND SEPARATE EMPLOYER ACCOUNTS PROCEDURE

Rule 1. Definitions; Procedure

[35 IAC 21-1-1](#) Definitions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-2-3](#); [IC 5-10.2-4-2](#); [IC 5-10.3-6-4](#); [IC 5-10.3-12-24](#)

Sec. 1. (a) Definitions in this section apply throughout this rule.

(b) "PERF hybrid plan" means the qualified governmental pension plan covered under [IC 5-10.2](#) and [IC 5-10.3](#) except the term excludes the ASA only plan as described in [IC 5-10.3-12](#).

(c) "Defined benefit pension" means the pension provided by employer contributions as described [sic, in] [IC 5-10.2-4-2](#).

(d) "Annuity savings account" (ASA) means the member's contributions and earnings as described in [IC 5-10.2-2-3](#).

(e) "Employer reserve account" means a ledger account that is not employer specific and consists of the accumulated employer contributions, plus earnings, less transfers made to the benefits in force reserve of the actuarial pension cost for retirement, disability, or other benefits from members who are in pay status.

(f) "Employer specific contribution accounts" means contribution accounts that are maintained in ERM.

(g) "ERM" has the meaning as defined in [35 IAC 1.2-2-1](#)(10).

(h) "Benefits in force reserve account" means a ledger account that is not employer specific and represents the actuarially determined present value of future benefits for all members and beneficiaries who are currently in pay status. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 21-1-1](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))

[35 IAC 21-1-2](#) Separate employer accounts procedure

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-2-6](#); [IC 5-10.2-2-11](#); [IC 5-10.3-6-4](#); [IC 5-10.3-12-24](#)

Sec. 2. (a) There are two (2) components to the PERF hybrid plan:

(1) The first component is the "defined benefit pension", which is funded entirely by employer contributions. The employer contribution rate is set by the INPRS board of trustees and based on the results of an annual actuarial valuation.

(2) The second component is the annuity savings account (ASA) that is an accumulated savings balance funded by member contributions. Separate accounts are maintained for each member.

(b) For PERF, INPRS maintains two (2) primary general ledger accounts, an employer reserve account and a benefits in force reserve account for the defined benefit pension. When a member commences receipt of the defined benefit pension, the present value of the benefit is computed by INPRS and that amount is deducted from the employer reserve account and transferred to the benefits in force reserve

account. These assets are available to pay the benefits of any PERF hybrid plan member. Therefore, the employer reserve account balance represents the accumulated reserve for members who have not yet commenced their defined benefit pension (i.e., active and terminated vested members). *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 21-1-2](#); adopted Dec 13, 2013: [20131225-IR-035130565ONA](#))*

DATED: December 13, 2013

Kendall W. Cochran,
Chairman of the Board of Trustees
Indiana Public Retirement System

Resolution adopted by 8 affirmative, 0 negative votes.

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